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STATISTICAL BULLETIN

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The Conference Board

COMMENT

Just when we began to get used to the idea that the recovery was not subdued and moderate, but was following the same script employed in earlier upturns of the business cycle, along come a few new twists in the subplots. For example, it is exceedingly rare to see unemployment drop by a full percentage point in just two months. Yet the rate went from 9.3% in September to 8.4% in November, in the face of not especially favorable circumstances. The Conference Board's *Help-wanted Index*, a measure of the demand for labor, stood at 100 (1967 = 100) in July, but fell to 97 in August and recovered to only 98 in September. That suggests that demand for new workers was rising rather slowly, which was certainly consistent with the widely held premise that production would be rising faster than employment. Indeed, employment continued to grow at a modest pace. The employed portion of the working-age population (jobholders in relation to everyone over the age of 15) stood at 58.6% in August, rose to 58.8% in September, but then fell back to 58.7% in October. Yet the unemployment rate (jobless in relation to the labor force, not just to the total working-age population) plunged from 9.3% to 8.8% in October. Slow improvement in labor demand probably discouraged some of the idled workers (especially men aged 40 and over) from continuing their job search. Thus, the number of unemployed fell sharply in September because a few found work but a lot more were simply reclassified as no longer in the labor force.

The plot thickened in October. The *Help-wanted Index* surged to 111 and early returns indicate that it may have moved a little higher in November. Labor demand, then, took off in October, as a result of both renewed strength in consumer spending and an anticipation of an unusually strong holiday season for retailing. Confirmation of this rise in labor demand came in the form of further improvement in the unemployment rate—down to 8.4% in November. This time the improvement was attributable more to the number of job seekers who found work—almost three-quarters of a million of them. There remain some loose ends that will have to be tied up before the curtain comes down on this part of the story. One loose end is what will happen to all those idled workers who have stopped looking for jobs. Will continued economic improvement induce them to try one more time to land a job? If so, we could see the statistical anomaly of continued economic expansion accompanied, for a time, by higher unemployment rates.

Meanwhile, back at the Federal Reserve Board, some further twists have been added to the story line. As was the case in the two prior quarters, the passage of time has made it clearer that real output grew surprisingly strongly in the fourth quarter. A year ago, the concensus of the *Economic Forecasts* was that real GNP would rise by 3.9%, 4.4%, and 4.3% in the last three quarters of 1983 (seasonally adjusted at annual rates). Those expected growth rates depicted a rather subdued recovery. But, given the very strong fiscal and monetary stimulus applied to the economy, actual growth greatly exceeded those earlier expectations—despite the persistence of very high real interest rates (rates of interest in relation to the rate of inflation). The consensus of the *Economic Forecasts* is now that growth was probably around 6.2% in the fourth quarter of 1983—and may even have been as high as 8.2 percent. The further complication in the plot is that monetary stimulus has vanished into thin air. Money supply M1 (demand deposits plus currency) stopped growing at all in the fourth quarter. Thus, economic activity continued to expand rapidly even though it was being fed a greatly reduced monetary diet. That implies that velocity—the rate at which money changes hands—increased very sharply in the fourth quarter. A surge in velocity is usually associated with a rise in interest rates. However, as shown on the *Money Supply and Monetary Targets* chart, the Federal Funds rate—the rate at which banks borrow from other banks—remained in a narrow range of 9 to 9½ in October and November. And the prime interest rate did not change at all in those two months. This cabbage patch of complications with regard to interest rates, money growth, velocity and real output expansion cannot go on for very long. This tangle of subplots requires some tidying up in order to keep the basic story line of continued economic expansion from getting twisted into a horror movie: Stagnation III.

Pervasive and persistent fear of a renewal of escalating inflation has limited the Federal Reserve's options with regard to monetary stimulus. The move to restrict monetary growth even more than was suggested by the July revision in money-growth targets probably stems from a perceived need to calm fears of renewed inflation. New money-growth targets for 1984 will be announced shortly. The message likely to be contained in the announcement is that a tight rein will be kept on the expansion of money supply. Undoubtedly, money will not be allowed to grow as fast in 1984 as it did in 1983, nor as slowly

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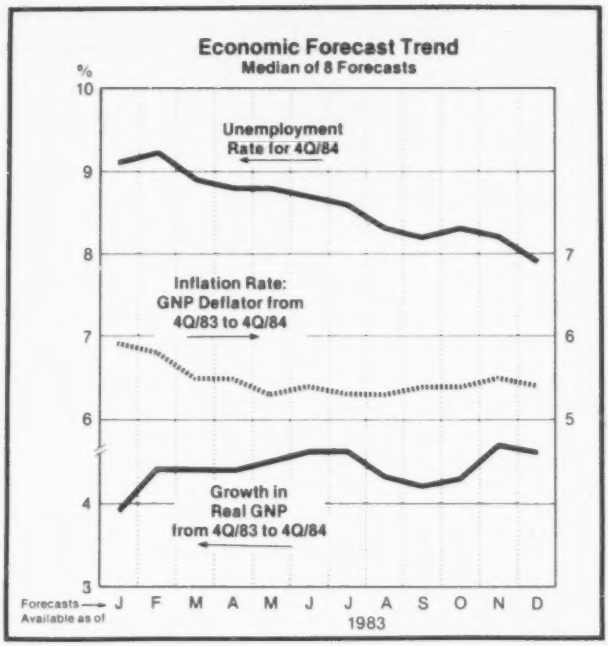


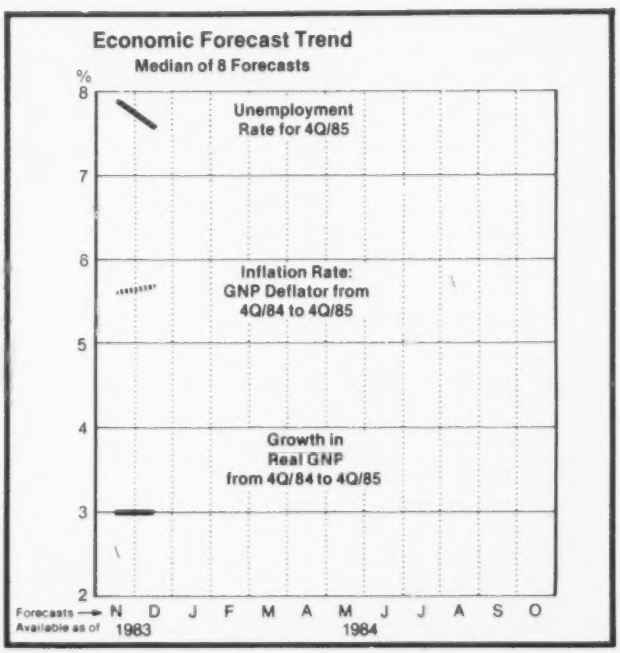
as in the fourth quarter. Once again, monetary policy seems to be not to allow enough growth to feed both real output expansion and price increases.

A major concern is what effect a reduced money diet will have on credit-market operations. The risk is that if credit demand expands, upward pressure will build on interest rates. High rates are already limiting purchases of new cars and homes as well as holding back inventory rebuilding. Consumer borrowing to finance the purchase of durable goods, and business borrowing to finance inventory buildup, are not likely to expand very much in 1984; in fact, they may even subside somewhat later in the year. On the other hand, the credit market will continue to be called upon to help finance very large Federal Government deficits. (It is a safe bet that taxes will not be raised just before the election.) Pressure may come, then, in the form of increased business borrowing to finance investment. "Crowding out" never developed in 1983 because money growth kept the credit market well supplied with funds and business borrowing was not terribly strong. The anticipation is that the supply of funds will be slowed in 1984, and business will be more active in the market.

The Conference Board's *Capital Appropriations and Expenditures* survey shows that spending on plant and equipment by the nation's 1,000 largest manufacturers fell in the third quarter of 1983, the sixth consecutive quarterly decline. Excluding the volatile petroleum industry, expenditures were 24% lower in the third quarter of 1983 than they were two years earlier. Industry executives do not expect to make up all that lost ground in 1984. Survey respondents said they expected nonpetroleum spending on plant and equipment to rise by 15%, which is a reasonably strong gain in an absolute sense but not particularly strong against the background of severe weakness in recent years. High interest rates, which threaten to go even higher, may well be the dominant factor in this tepid expectation. Stronger investment increases overall credit demand, and thereby puts upward pressure on interest rates. Higher rates, in turn, limit the degree to which investment recovers in 1984. This is not so much a new twist in the plot as a new variation on an old theme. At about this time last year, some analysts were saying that high interest rates would constrict the overall economic recovery. High rates obviously have not retarded the pace of recovery to date, partly because monetary policy turned out to be more stimulative than anyone had anticipated. But, as suggested earlier, policy options are more limited now than they were last year.

The script for 1984 calls for continued inventory buildup in the early months of the year. Consumer demand is expected to remain strong early on but to moderate in the second half of the year. Hence, it still reads that 1984 is the year a consumer-led recovery gives way to an investment-sustained expansion. The *Economic Forecasts* show real output growing by 4.9%, 4.6%, 4.5%, and 4.4% in the four quarters of 1984, respectively (median of the forecasts). Inflation is expected to remain in a range of 5 to 6% during this year. The more pessimitic views are that real output growth might slow even more, to only 3 to 3½% during the year, or that inflation might creep up to about 6½% by the fourth quarter of 1984.

Ken Goldstein
December 9, 1983

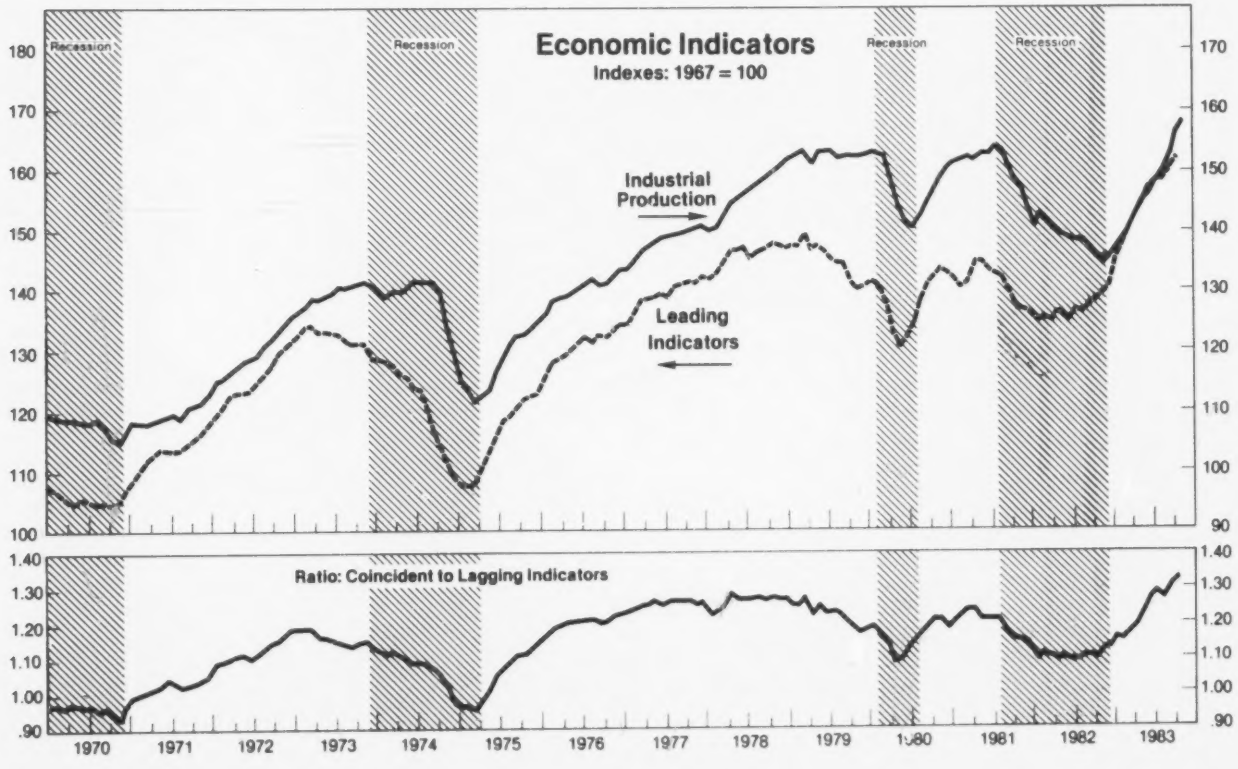


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change from year-ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Oct.	X			+ 2.3%	+ 16.7%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Oct.	X			+ 23.2%	+ 29.2%
New orders, nondefense capital goods (deflated)	Oct.	X			+ 23.9%	+ 29.6%
*Net business formation	Oct.	X			+ 4.5%	+ 8.0%
*Housing permits	Oct.			X	— 8.5%	+ 41.3%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Oct.		X		+ 1.3%	+ 26.6%
*Change in inventory, on hand & order (deflated)	Sept.	X			+ 15.8%	+ 23.8%
Purchasing agents' buying policy	Nov.		X		+ 0 %	+ 10 %
*Vendor performance, reported slower deliveries	Nov.		X		— 2 %	+ 19 %
Industrial raw materials prices	Nov.	X			+ 5.4%	+ 21.5%
*Change in sensitive material prices	Oct.			X	— 0.3%	+ 1.1%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Oct.		X		+ 0.3%	+ 8.8%
Change in business loans	Oct.	X			+ 13.4%	+ 15.3%
**Change in credit outstanding*	*Sept.*			*X*	— 4.5%	+ 0 %
Change in consumer installment debt	Sept.			X	—24.4%	+ 18.5%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			+ 11.2%	+ 20.4%
*Common stock prices	Nov.		X		+ 1.9%	+ 19.8%
Marginal Employment Adjustments						
*Average workweek, mfg.	Nov.		X		+ 0.2hr.	+ 1.5hr.
*Initial unemployment claims (inverted)	Nov.			X	—0.5%	+ 33.4%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



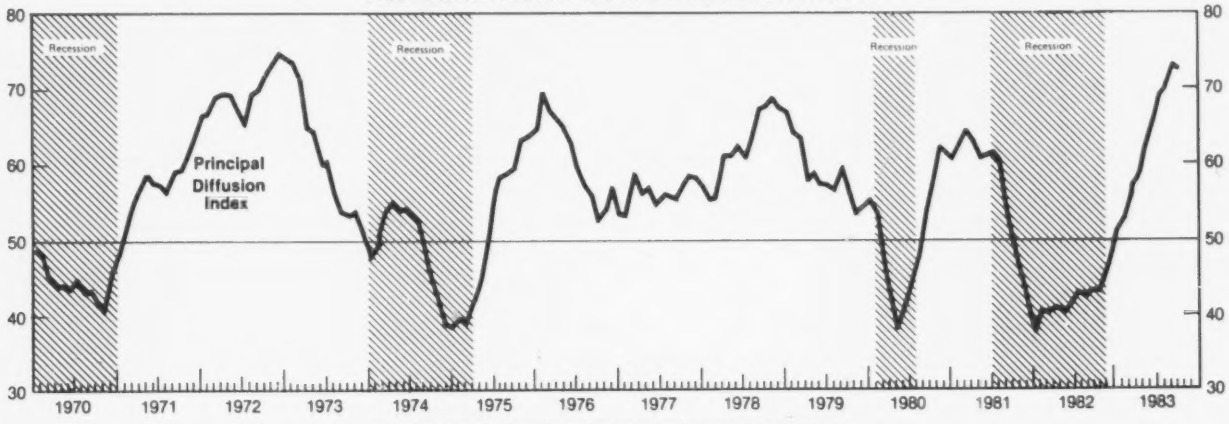
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1982 Oct.	1983 July	Aug.	Sept.	Oct.(e)
Principal Diffusion Index	40.3	68.9	70.0	73.2r	72.7
Auxiliary Diffusion Index	51.5	61.1	53.3	60.4r	48.5
Industrial Group	30.6	72.6	73.3	78.9r	80.3
Nonindustrial Group	49.9	65.3	66.7	67.4	65.1
Sense of Diffusion	-1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	39.7	73.9	79.9	85.5	90.2
Labor	21.5	73.3	71.9	77.6	75.8
Miscellaneous	39.7	68.6	66.7	72.4	5.9
Nonindustrial Subgroups					
Prices	39.7	76.3	73.7	78.2	74.4
Consumer	59.8	76.9	70.9	69.7r	68.8
Building	46.8	51.9	59.6	59.0	50.6
Miscellaneous	48.7	55.3	62.4	63.7r	65.0

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months. The current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1981 Feb.	May	Aug.	Nov.	1982 Feb.	May	Aug.	Nov.	1983 Feb.	May.	Aug.
	Score (scale 0-100)										
Measure of Business Confidence	58	61	57	43	47	52	55	60	70	76	75
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	50	57	48	26	23	30	38	44	65	76	82
2. Expectations for Economy, Six Months Ahead	63	64	63	51	59	64	65	70	76	78	74
3. Expectations for Own Industry, Six Months Ahead	61	61	60	52	58	61	61	65	70	72	69

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

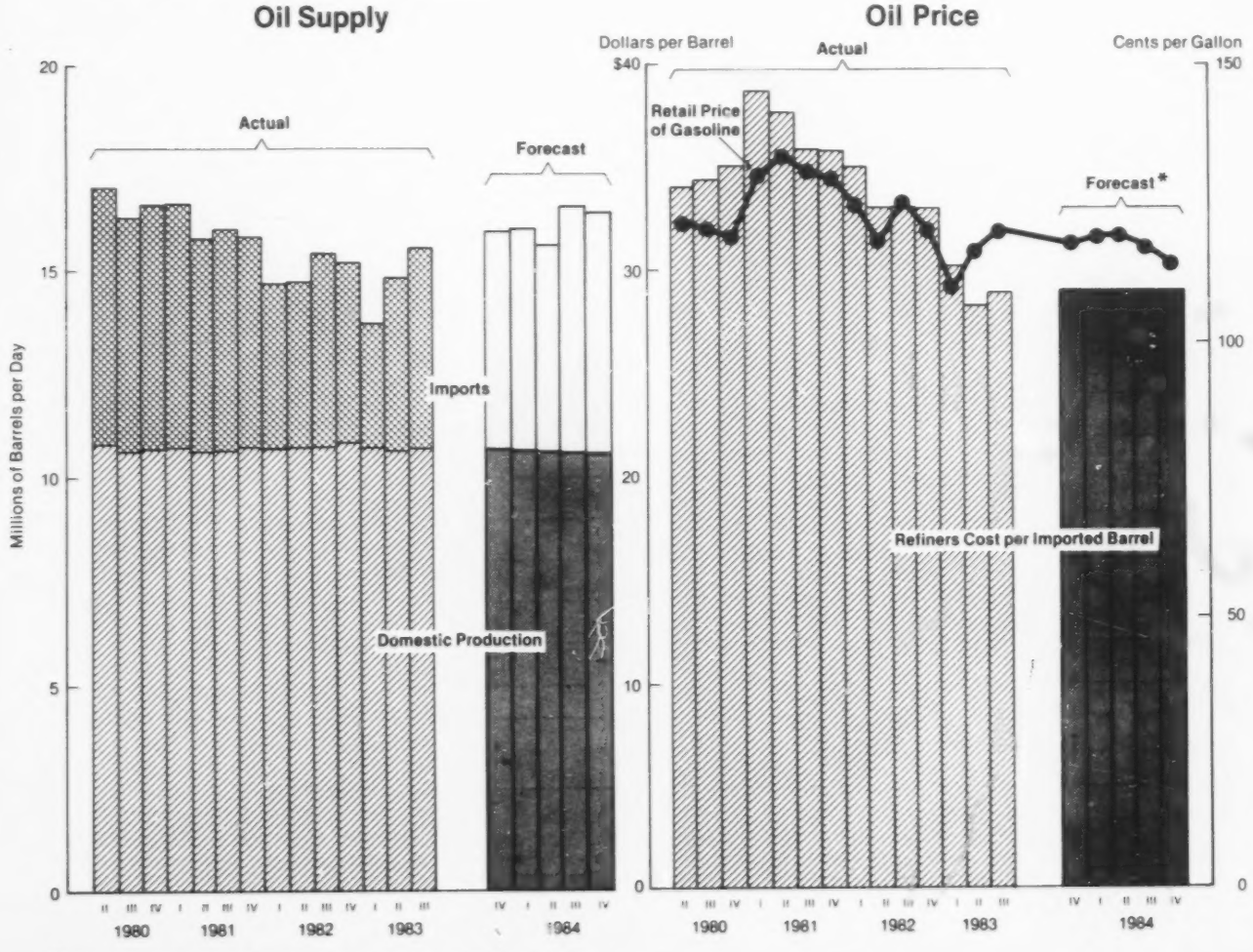
	1981	1982			1983			Percent Change From Previous Year		
	I	II	III	IV	I	IIr	IIIp	1982 Actual	1983 Estimated	1984 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	25.176	20.025	18.439	21.488	20.176	20.633	22.587	−18	− 1	15
Capital expenditures	26.660	25.552	23.991	22.887	18.841	18.643	18.293	− 3	−25	42
Change in appropriations backlog*	−2.259	−7.326	−8.726	−3.395	−0.716	+ 1.121	+ 2.241			
Durable Goods										
New appropriations	8.785	7.398	7.724	8.238	8.197	9.453	9.155	−24	14	− 8
Capital expenditures	11.069	10.505	9.684	8.949	7.918	7.655	7.860	− 7	−21	16
Change in appropriations backlog*	−2.723	−3.903	−4.556	−1.351	−0.606	+ 1.291	+ 0.995			
Nondurable Goods										
New appropriations	16.391	12.627	11.215	13.250	11.979	11.180	13.432	−14	− 9	32
Capital expenditures	15.591	15.047	14.307	13.938	10.923	10.988	10.433	0	−27	61
Change in appropriations backlog*	0.464	−3.423	−4.170	−2.044	−0.110	−0.170	+ 1.246			
ELECTRIC & GAS UTILITIES										
New appropriations	8.803	8.502	10.603	10.803	6.966	6.327p				
Capital expenditures	8.958	8.835	9.018	9.331	9.032	9.343p				
Change in appropriations backlog*	−9.039	−1.772	+ 0.680	−4.492	−5.709	−6.307p				

Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request.

r—revised p—preliminary

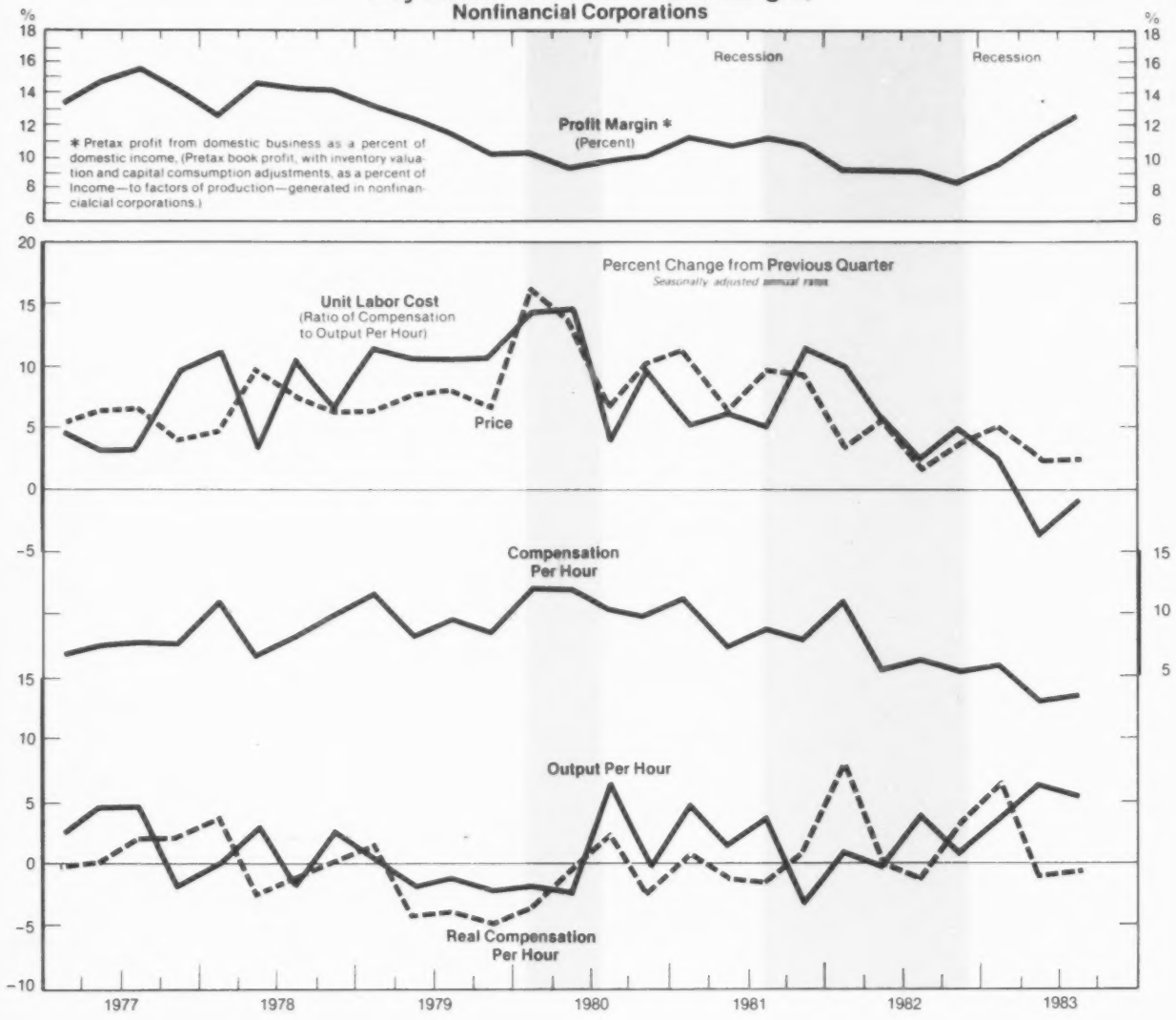
* Change in Backlog = New Appropriations — (Expenditures + Cancellations + Other Adjustments).

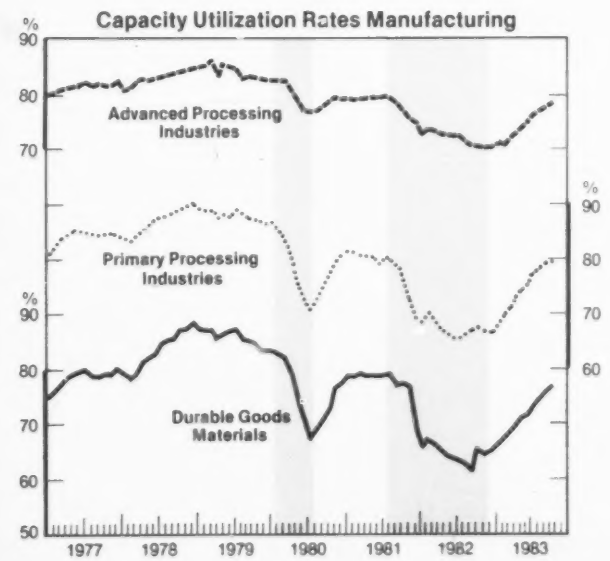
** Results based on survey respondents' expectations.

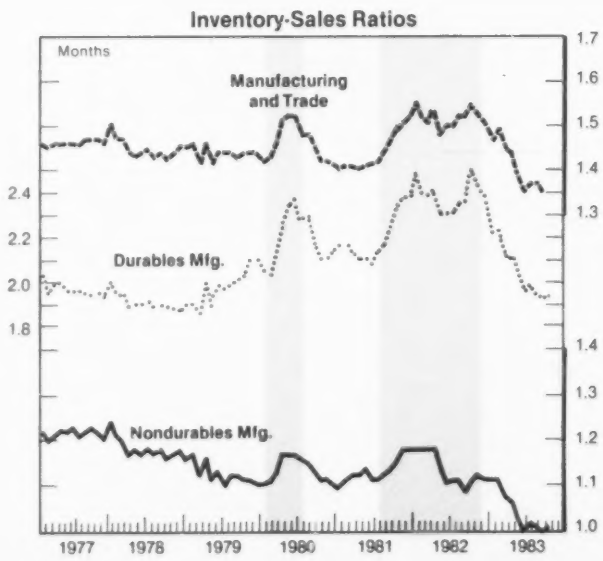


*Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin,
Nonfinancial Corporations







ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[2]		Merrill Lynch Economics Inc.[1]		E.I duPont de Nemours & Co.[2]		Georgia State University[2]	
Date of Forecast			*Nov., 1983*		*Nov., 1983*		*Nov., 1983*		*Nov., 1983*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1983**	**III**	**$3360.3**	**11.2%**			**$3360.3**	**11.2%**	**$3360.3**	**11.2%**
Forecast		IV	3442.2	10.1	$3447.1	10.3%	3442.7	10.2	3451.3	11.3
	1984	I	3532.8	11.0	3521.5	8.9	3527.6	10.2	3540.8	10.8
		II	3620.9	10.4	3608.0	10.2	3610.0	9.7	3623.0	9.6
		III	3710.2	10.2	3705.7	11.3	3688.7	9.0	3700.1	8.8
		IV	3796.9	9.7	3806.1	11.3	3783.5	10.7	3794.9	10.6
	1985	I	3886.4	9.8			3870.1	9.5	9879.3	9.2
		II	3969.9	8.9			3962.4	9.9	3964.5	9.1
		III	4057.9	9.2			4051.0	9.2	4047.9	8.7
		IV	4153.4	9.8			4135.8	8.6	4136.7	9.1
	1983	Annual	3311.5	7.8	3313.5	7.8	3311.6	7.8	3313.8	7.8
	1984	Annual	3665.2	10.7	3660.3	10.5	3652.5	10.3	3664.7	10.6
	1985	Annual	4016.9	9.6			4004.8	9.6	4007.1	9.3
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1983**	**III**	**$1553.6**	**7.7%**	**$1554.4**	**7.7%**	**$1553.6**	**7.7%**	**$1553.6**	**7.7%**
Forecast		IV	1572.8	5.0	1577.1	6.0	1572.0	4.8	1578.6	6.6
	1984	I	1591.7	4.9	1590.0	3.3	1589.0	4.4	1600.3	5.6
		II	1610.3	4.8	1608.2	4.7	1608.0	4.9	1618.0	4.5
		III	1630.0	5.0	1629.1	5.3	1625.0	4.3	1631.2	3.3
		IV	1646.7	4.2	1649.5	5.1	1645.0	5.0	1649.6	4.6
	1985	I	1662.1	3.8			1661.0	3.9	1663.1	3.3
		II	1674.9	3.1			1679.0	4.4	1677.8	3.6
		III	1688.5	3.3			1695.0	3.9	1690.3	3.0
		IV	1701.3	3.1			1709.0	3.3	1703.2	3.1
	1983	Annual	1535.4	3.4	1536.7	3.5	1535.2	3.4	1536.9	3.5
	1984	Annual	1619.7	5.5	1619.2	5.4	1616.8	5.3	1624.8	5.7
	1985	Annual	1681.7	3.8			1686.0	4.3	1683.6	3.6
Gross National Product Deflator Index, 1972 = 100										
Actual	**1983**	**III**	**216.3**	**3.3%**			**216.3**	**3.3%**	**216.3**	**3.3%**
Forecast		IV	218.9	4.8	218.6	4.1%	219.0	5.1	218.6	4.4
	1984	I	222.0	5.8	221.5	5.4	222.0	5.6	221.3	4.9
		II	224.9	5.3	224.4	5.3	224.5	4.6	223.9	4.9
		III	227.6	5.0	227.5	5.7	227.0	4.5	226.8	5.3
		IV	230.6	5.3	230.7	5.9	230.0	5.4	230.0	5.8
	1985	I	233.8	5.8			233.0	5.3	233.3	5.7
		II	237.0	5.6			236.0	5.2	236.3	5.3
		III	240.3	5.7			239.0	5.2	239.5	5.5
		IV	244.1	6.5			242.0	5.1	242.9	5.8
	1983	Annual	215.6	4.2	215.6	4.2	215.7	4.2	215.6	4.2
	1984	Annual	226.3	4.9	226.0	4.8	225.9	4.7	225.5	4.6
	1985	Annual	238.8	5.6			237.5	5.1	238.0	5.5
Unemployment Rate										
Actual	**1983**	**III**	**9.3%**		**9.3%**		**9.3%**		**9.3%**	
Forecast		IV	8.6		8.5		8.6		8.5	
	1984	I	8.5		8.3		8.2		8.2	
		II	8.4		8.1		8.1		8.0	
		III	8.1		7.8		8.0		8.0	
		IV	7.9		7.6		8.0		7.9	
	1985	I	7.8				7.8		7.7	
		II	7.7				7.6		7.6	
		III	7.7				7.5		7.5	
		IV	7.6				7.2		7.3	
	1983	Annual	9.6		9.6		9.6		9.6	
	1984	Annual	8.2		8.0		8.1		8.0	
	1985	Annual	7.7				7.5		7.5	

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on preliminary third quarter data.

[2]Based on revised third quarter data.

ECONOMIC FORECASTS (continued)

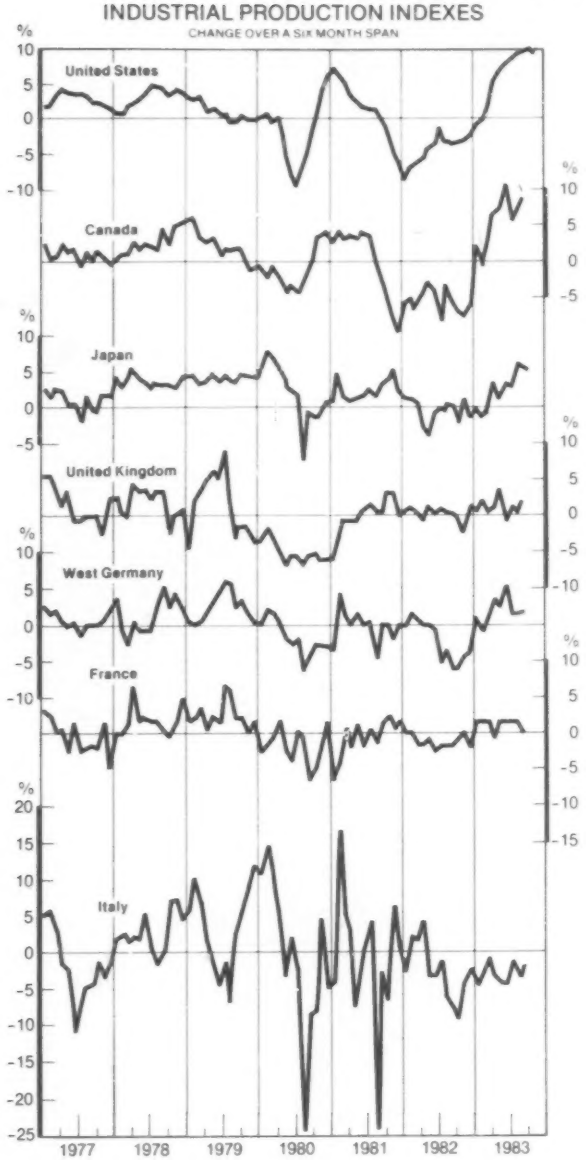
The Conference Board[2]		Chase Econometric Associates, Inc.[3]		Data Resources Inc.[3]		Wharton E.F.A. Inc.[3]				
Nov., 1983		Nov., 1983		Nov., 1983		Nov., 1983				
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3360.3	**11.2%**	**$3360.3**	**11.2%**	**$3360.3**	**11.2%**	**$3360.3**	**11.2%**	**III**	**1983**	**Actual**
3460.0	12.4	3450.1	11.1	3444.6	10.4	3444.4	10.4	IV		Forecast
3544.0	10.1	3534.1	10.1	3534.7	10.9	3533.0	10.7	I	1984	
3621.0	9.0	3619.3	10.0	3616.7	9.6	3625.4	10.9	II		
3686.0	7.4	3700.8	9.3	3698.1	9.3	3717.9	10.6	III		
3790.0	11.8	3786.8	9.6	3775.8	8.7	3808.8	10.1	IV		
		3885.7	10.9	3847.0	7.8	3895.2	9.4	I	1985	
		3972.0	9.2	3913.6	7.1	3981.3	9.1	II		
		4044.8	7.5	3986.8	7.7	4058.9	8.0	III		
		4117.2	7.4	4066.6	8.3	4131.4	7.3	IV		
3316.0	7.9	3313.5	7.8	3312.1	7.8	3312.1	7.8	Annual	1983	
3660.3	10.4	3660.3	10.5	3656.3	10.4	3671.3	10.8	Annual	1984	
		4004.9	9.4	3953.5	8.1	4016.7	9.4	Annual	1985	
								Gross National Product Billions of Constant (1972) Dollars		
$1553.6	**7.7%**	**$1553.6**	**7.7%**	**$1553.6**	**7.7%**	**$1553.6**	**7.7%**	**III**	**1983**	**Actual**
1584.5	8.2	1577.5	6.3	1574.3	5.4	1578.3	6.5	IV		Forecast
1604.8	5.2	1595.7	4.7	1593.2	4.9	1598.2	5.1	I	1984	
1617.8	3.3	1612.7	4.3	1610.5	4.4	1619.0	5.3	II		
1624.2	1.6	1628.4	4.0	1626.6	4.6	1639.2	5.1	III		
1647.0	5.7	1640.3	3.0	1643.5	3.7	1656.1	4.2	IV		
		1653.3	3.2	1655.5	3.0	1671.9	3.9	I	1985	
		1663.3	2.4	1664.9	2.3	1685.9	3.4	II		
		1672.0	2.1	1676.3	2.8	1694.7	2.1	III		
		1676.9	1.2	1687.7	2.7	1699.3	1.1	IV		
1538.3	3.6	1536.6	3.4	1535.8	3.4	1536.8	3.5	Annual	1983	
1623.5	5.5	1619.3	5.4	1619.0	5.4	1628.1	5.9	Annual	1984	
		1666.4	2.9	1671.1	3.2	1688.0	3.7	Annual	1985	
								Gross National Product Deflator Index, 1972 = 100		
216.3	**3.3%**	**216.3**	**3.3%**	**216.3**	**3.3%**	**216.3**	**3.3%**	**III**	**1983**	**Actual**
218.4	3.9	218.7	4.5	218.8	4.7	218.2	3.6	IV		Forecast
220.8	4.6	221.5	5.2	221.9	5.7	221.1	5.3	I	1984	
223.8	5.5	224.4	5.4	224.6	5.0	223.9	5.3	II		
226.9	5.7	227.3	5.2	227.1	4.5	226.8	5.3	III		
230.1	5.7	230.9	6.5	229.7	4.8	230.0	5.7	IV		
		235.0	7.4	232.4	4.7	233.0	5.3	I	1985	
		238.8	6.6	235.1	4.7	236.2	5.6	II		
		241.9	5.3	237.8	4.8	239.5	5.8	III		
		245.5	6.1	241.0	5.4	243.1	6.2	IV		
215.5	4.2	215.6	4.2	215.6	4.2	215.5	4.2	Annual	1983	
225.4	4.6	226.0	4.8	225.8	4.7	225.4	4.6	Annual	1984	
		240.3	6.3	236.6	4.8	237.9	5.5	Annual	1985	
								Unemployment Rate		
9.3%		**9.3%**		**9.3%**		**9.3%**		**III**	**1983**	**Actual**
8.5		8.8		8.8		8.8		IV		Forecast
8.2		8.6		8.5		8.7		I	1984	
8.0		8.3		8.3		8.4		II		
8.0		8.2		8.1		8.3		III		
7.7		8.1		7.9		8.1		IV		
		7.9		7.9		7.9		I	1985	
		7.9		7.9		7.7		II		
		7.9		7.9		7.4		III		
		7.9		7.9		7.5		IV		
9.6		9.6		9.6		9.6		Annual	1983	
8.0		8.3		8.2		8.4		Annual	1984	
		7.9		7.9		7.6		Annual	1985	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

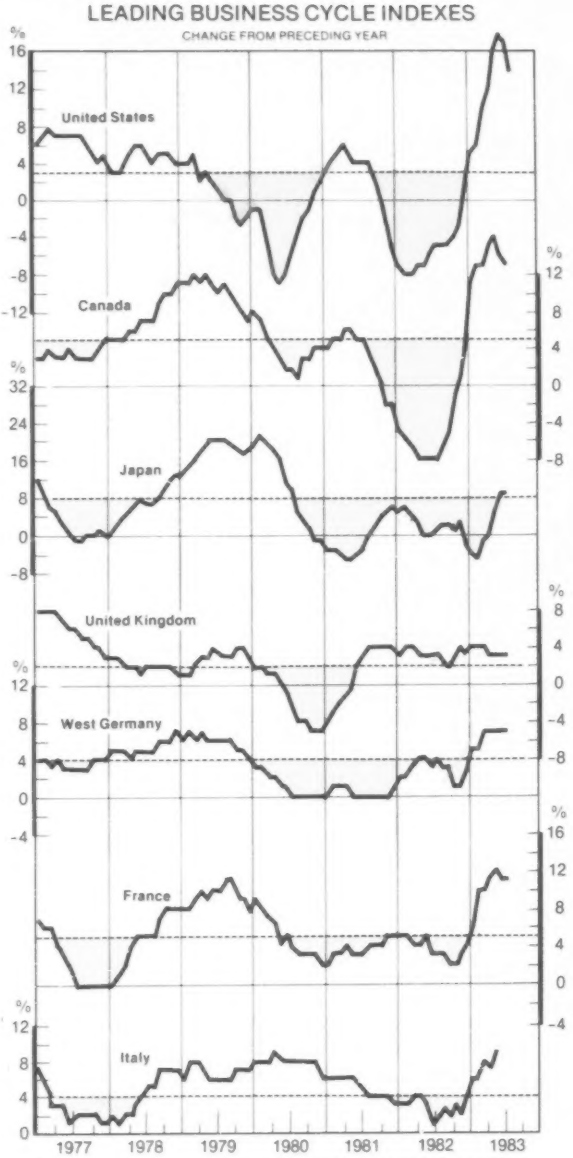
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR



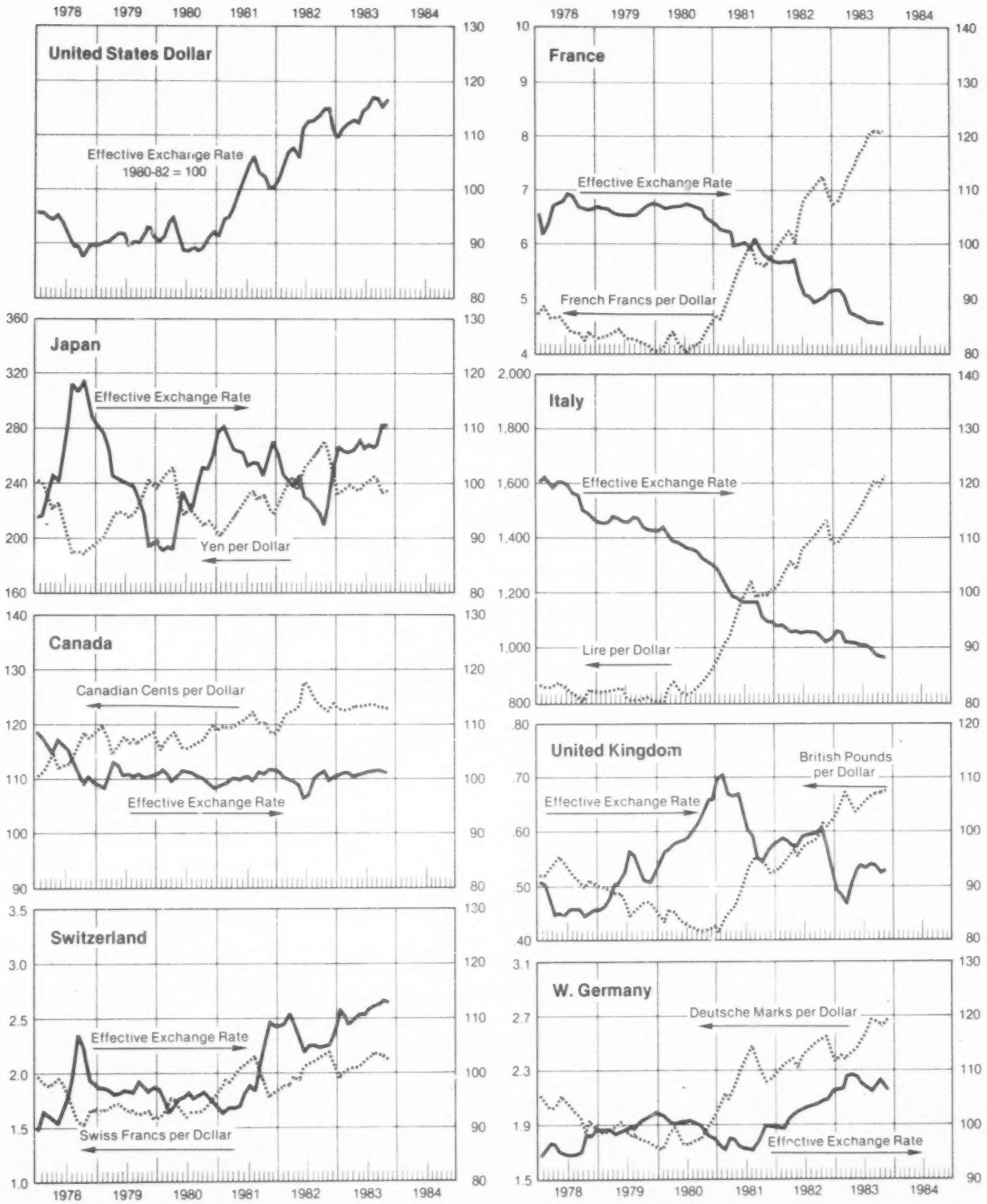
Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES

Foreign Exchange Rates

Indexes: 1980-82 = 100



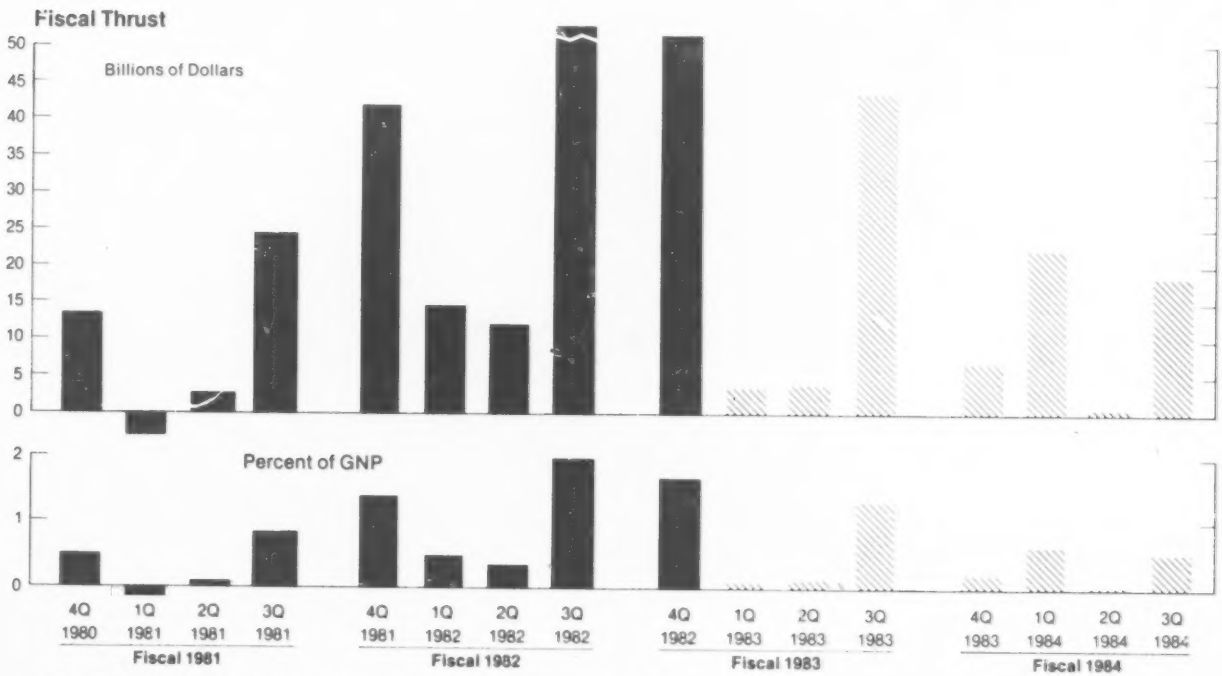
Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

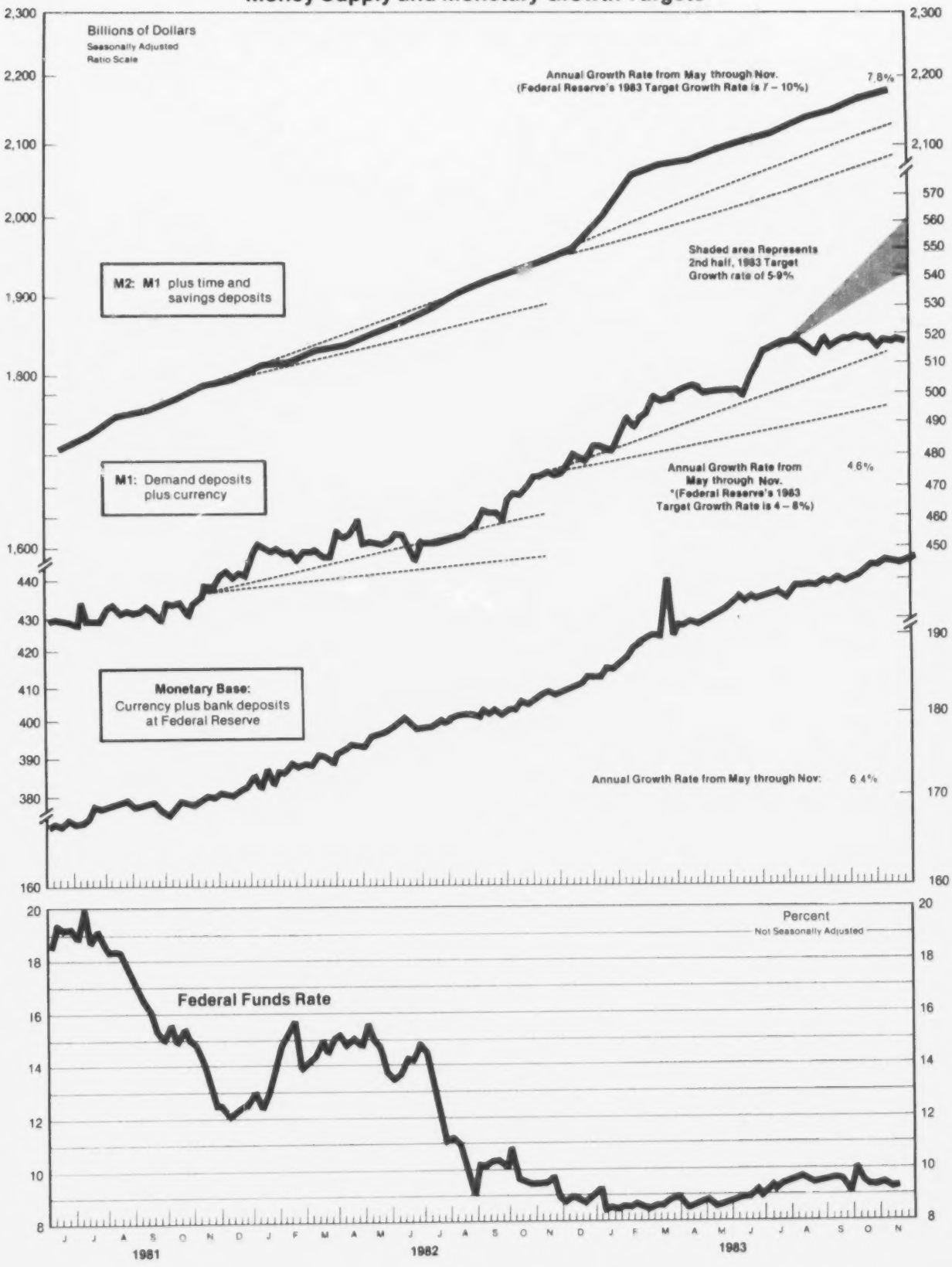
	Fiscal 1982	Fiscal 1983		Fiscal 1984		
	Actual (10/26/82)	President's Proposal (7/25/83)	Congressional Estimate (9/1/82)	Current Service (7/25/83)	President's Proposal (7/25/83)	Congressional Estimate (6/20/83)
Receipts	**$617.8**	**$599.9**	**633.0**	**665.6**	**668.4**	**679.6**
Outlays	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Deficit	**−110.6**	**−209.8**	**−155.0**	**−200.4**	**−179.7**	**−169.9**
Receipts by source	**617.8**	**599.9**	**633.0**	**665.6**	**668.4**	**679.6**
Individual income taxes	298.1	288.5	298.0	294.6	296.0	
Corporate income taxes	49.2	35.2	47.0	64.1	64.1	
Social insurance	201.1	211.1	217.0	240.0	241.4	242.3
Other receipts	69.4	65.1	71.0	66.9	66.9	
Outlays by function	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Income security	248.8	279.4	270.0	278.5	275.2	278.8
National defense	187.4	214.8	216.0	245.4	242.3	240.0
Health	74.0	82.3	79.0	92.4	90.5	92.6
Education and manpower	25.4	27.2	27.0	27.9	26.5	28.4
Transportation	20.6	21.1	20.0	26.0	25.9	26.0
Veterans' benefits	24.0	24.9	24.0	25.5	25.5	25.5
International affairs	10.0	11.0	13.2	13.1	13.5	13.0
Natural resources and environment	13.1	12.5	11.0	12.0	10.8	12.5
Agriculture	14.8	25.3	15.0	16.9	13.8	11.5
General science	7.1	7.8	8.0	8.2	8.3	8.3
Community development	7.4	7.4	8.0	7.9	7.8	8.1
Revenue sharing	6.2	6.4	6.0	6.8	6.8	7.2
General government	4.8	5.8	5.0	5.4	5.6	5.6
Justice	4.6	5.3	5.0	5.4	5.5	5.9
Energy	4.8	4.6	5.0	4.4	4.4	4.3
Commerce and housing credit	3.8	5.1	2.0	3.3	2.8	2.3
Interest	100.8	89.0	115.0	104.9	103.5	97.1
Allowances	—	—	−3.0	1.9	0.9	0.8
Undistributed offsetting receipts	−29.3	−19.9	−36.0	−20.0	−21.0	−18.1

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, The Federal Budget: Its Impact on the Economy (FB 81-3) The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Annual Growth Rate from May through Nov. 7.8%
(Federal Reserve's 1983 Target Growth Rate is 7 – 10%)
Shaded area Represents
2nd half, 1983 Target
Growth rate of 5-9%
M2: M1 plus time and savings deposits
M1: Demand deposits plus currency
Annual Growth Rate from May through Nov. 4.6%
*(Federal Reserve's 1983 Target Growth Rate is 4 – 8%)
Monetary Base:
Currency plus bank deposits at Federal Reserve
Annual Growth Rate from May through Nov: 6.4%
Percent
Not Seasonally Adjusted
Federal Funds Rate
1981
1982
1983

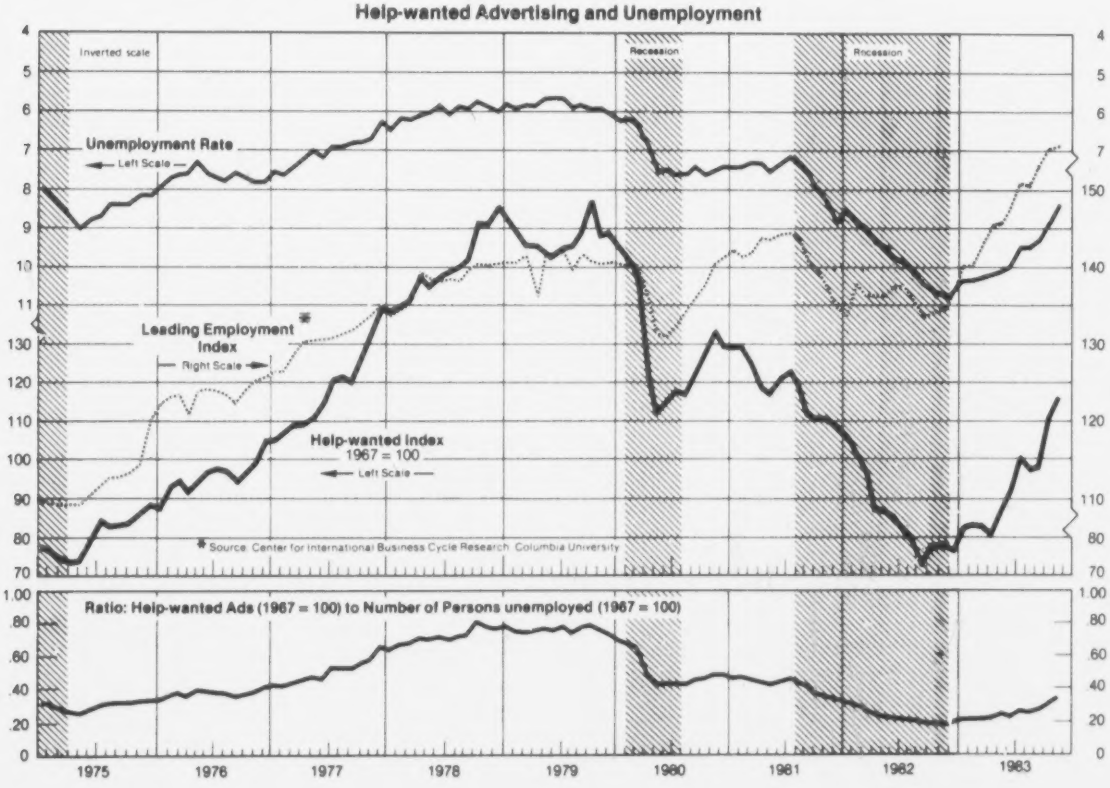
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1983			1982
	Oct.	Sept.	Aug.	Oct.
Total Index 51 papers	111	98r	97	76
New England	120	102	103	77
Boston	136	115	114	85
Hartford	112	101	104	81
Providence	74	61	64	47
Middle Atlantic	53	48	50	42
Albany	94	85	90	67
Allentown	126	96	104	84
New York	48	46	46	39
Philadelphia	49	42	46	36
Pittsburgh	47	41	45	42
Rochester	54	46	50	49
Syracuse	75	68	69	64
East North Central	63	53	50	42
Chicago	80	63	49	41
Cincinnati	76	67	73	52
Cleveland	42	37	40	35
Columbus	81	73	76	66
Dayton	47	43	46	43
Detroit	40	37	36	29
Gary	91	83	80	87
Indianapolis	62	47	57	49
Milwaukee	41	38	37	31
Toledo	69	86r	69	61
West North Central	67	57	57	41
Kansas City	102	86	82	57
Minneapolis	57	45	45	30
Omaha	99	91	100	72
St. Louis	47	41	43	35
South Atlantic	125	111	114	85
Atlanta	224	189	186	134
Baltimore	71	72	89	60
Charlotte	108	98	103	72
Jacksonville	148	151	164	104
Miami	84	75	75	60
Richmond	67	65	66	52
Washington, D.C.	131	111	109	88
East South Central	105	91	94	76
Birmingham	102	96	101	75
Knoxville	158	149	150	123
Louisville	57	48	50	44
Memphis	93	84	86	66
Nashville	146	115	115	101
West South Central	264	226	219	181
Dallas	378	299	291	214
Houston	344	297	276	245
New Orleans	120	111	117	106
Oklahoma City	129	124	131	122
San Antonio	173	156	159	124
Tulsa	118	121	115	98
Mountain	242	209r	204	141
Denver	171	158r	162	105
Phoenix	343	281	255	180
Salt Lake City	240	206	212	156
Pacific	164	151	147	114
Los Angeles	128	117	119	90
Sacramento	261	228	225	184
San Bernardino	136	119	114	100
San Diego	323	301	272	217
San Francisco	176	164	152	116
Seattle	170	165	162	130
Percentage of papers with rising volume	94%	33%	27%	76%
Unemployment rate	8.7%	9.3%	9.5%	10.5%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised n.a.—not available

Help-wanted Advertising and Unemployment



CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1981	70.0	63.5	71.8	75.0	79.9	79.6	78.6	78.6	70.4	67.4	61.6	59.4
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7r	89.4p	

Buying Plans Index

1981	87.5	90.5	98.0	85.9	84.8	89.5	78.7	96.7	90.3	86.2	89.8	99.2
1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	66.7	80.5	75.2
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9r	101.0p	

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations

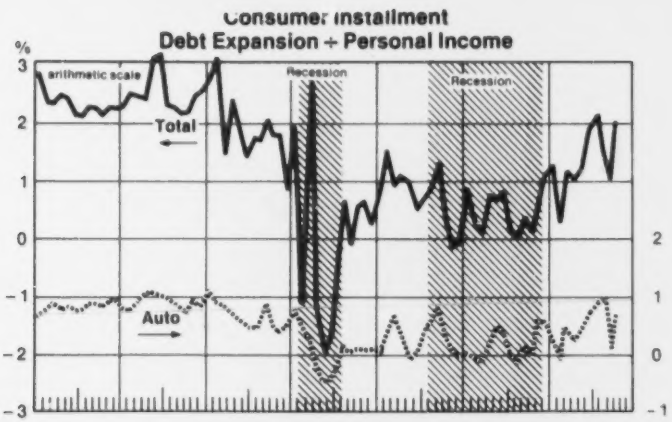
CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

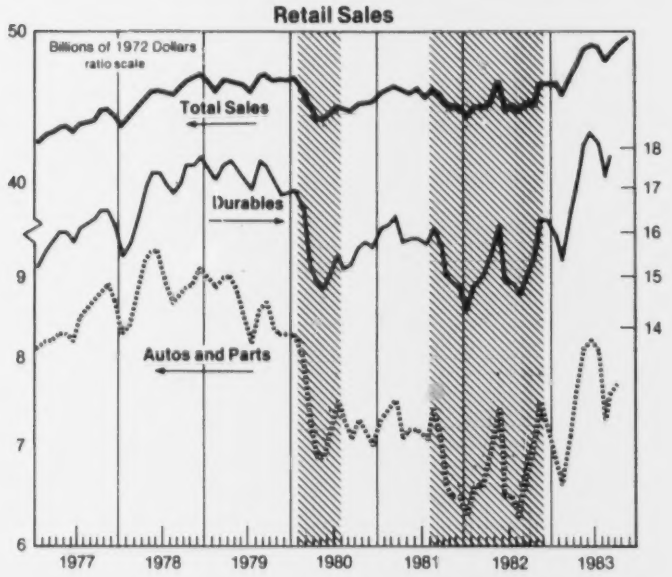
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary Purchasing Power (DPP)	Discretionary Spending (DSP)	Discretionary Saving (DSA)	Ratios (DSP)/(DPP)	Ratios (DSP)/(APP)	Ratios Total Saving/ (APP)	Ratios Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.3	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised





CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1980	1981	1982	1983
January:	1-10	7.87	6.27	5.68	6.34
	11-20	7.08	6.44	5.43	6.08
	21-31	9.17	6.74	5.17	5.69
February:	1-10	6.88	6.30	5.88	5.68
	11-20	8.28	5.65	5.61	4.93
	21-28(29)	6.36	7.70	5.54	5.55
March:	1-10	6.98	7.55	5.18	5.32
	11-20	7.18	9.29	5.24	5.62
	21-31	6.12	5.02	6.16	6.22
April:	1-10	7.02	6.18	5.11	6.76
	11-20	5.94	6.01	6.38	6.77
	21-30	5.90	6.22	5.77	6.52
May:	1-10	5.78	6.09	7.26	7.68
	11-20	6.10	6.64	7.47	7.25
	21-31	5.17	5.76	6.06	7.32
June:	1-10	5.95	6.50	6.51	7.83
	11-20	6.78	6.18	4.83	8.37
	21-30	6.74	6.35	5.17	8.25
July:	1-10	6.60	5.45	4.54	6.56
	11-20	6.41	6.78	5.88	7.78
	21-31	6.59	5.80	5.22	7.26
August:	1-10	5.44	7.08	5.18	7.27
	11-20	5.81	6.91	4.48	5.47
	21-31	6.00	7.38	5.58	5.79
September:	1-10	6.05	6.57	4.70	5.70
	11-20	5.58	6.09	6.95	7.43
	21-30	6.74	6.67	6.49	6.95
October:	1-10	7.60	4.98	5.09	7.33
	11-20	7.09	5.18	5.16	7.28
	21-31	6.49	5.32	5.68	7.17
November:	1-10	7.03	6.05	7.10	7.50
	11-20	7.10	4.93	6.94	6.51
	21-30	6.11	8.75	6.49	7.67
December:	1-10	6.88	4.98	5.64	
	11-20	7.08	4.88	6.62	
	21-31	5.81	5.03	6.46	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically). Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.